



# RESIDENTIAL CONSTRUCTION CREATES JOBS AND INCOME

## HOUSING TAX DEDUCTION - CREATES JOBS & FOCUSES ON DEMAND

⇒ The HBAGS supports HB 194/SB 179 which create a temporary tax deduction for every purchaser of a newly built home in Missouri. And, as home building is a “shovel-ready” industry, jobs are created immediately with every new home constructed. In one year, in the Springfield area, one single-family home will produce (on average):

- 2.49 local jobs for one year,
- \$136,780 in local income, and
- \$14,702 in taxes and other revenue for local governments

### ⇒ How It Works:

- A tax savings equivalent to 2% of the purchase price of a new home. The new home purchaser will not receive this savings until the home is constructed, the jobs are created, and the home closing occurs.
- The maximum tax savings will be \$10,000 per new home purchased.
- This savings is roughly equivalent to the 4.225% Missouri sales tax received on construction materials.
- A home buyer must purchase a home completed between August 28, 2013 and December 31, 2015.
- The new home buyer must use the home as their primary residence and remain in it for two years.

⇒ Numbers from all over the state show that 2011 was likely the bottom for housing. We've dealt with supply -- adding a little fuel to the fire with this incentive will TRULY help where it is needed -- on the demand side. More demand means more new sales data in the MLS which will help appraisers challenged by a lot of data from foreclosures and short sales.



## DEALING WITH SECOND INJURY FUND AND WORKERS' COMPENSATION COMPLIANCE

⇒ We appreciate the momentum to deal with the Second Injury Fund challenges. Our members with expertise in this area tell us it is important to remember that nothing will work unless we raise the threshold for “compounded” disability, limit pre-existing personal disabilities, and limit the number of claims that can be filed.

⇒ Please be mindful of the fact that **because the surcharge is on the work comp premium, it is imperative the state improve enforcement of the work comp laws.** Our members comply with state statutes requiring work comp -- BUT THEY COMPETE WITH MANY BUSINESSES WHO MEET THE CRITERIA TO CARRY IT BUT DO NOT DO SO. These businesses are not paying into the system and they should be -- the compliant businesses are punished by carrying more than their share of the cost.

## JOB CREATION & GROWTH

⇒ Job and population growth fuel the housing market. Measures that have the potential to make Missouri more attractive to new employers and spur expansion of existing business, ultimately help housing.

### TAX RETURN EXAMPLES

New Home Purchase Price	\$100,000
Deduction of One-Third Purchase Price	\$33,333
Missouri Tax Rate of 6%	
Tax Savings	\$2,000

New Home Purchase Price	\$250,000
Deduction of One-Third Purchase Price	\$83,333
Missouri Tax Rate of 6%	
Tax Savings	\$5,000

New Home Purchase Price	\$500,000
Deduction of One-Third Purchase Price	\$166,667
Missouri Tax Rate of 6%	
Tax Savings	\$10,000